

City of Havre de Grace, Maryland

WATER AND SEWER RATE STUDY

Preliminary Financial Plan Briefing Document

Date: March 22, 2017

Subject: Briefing Document - Preliminary Draft Financial Plan & Assumptions

Purpose: This document is intended to provide an overview of the preliminary financial plan results for the City of Havre de Grace's Water and Sewer utilities. An overview of the assumptions used to develop the respective financial plans for the period of FY 2017 – FY 2022 is presented followed by a summary of the results.

Water and Sewer Rate Study

Study Background

The City of Havre de Grace ("City") provides water and wastewater utility services to residents and businesses within the City and to a few customers outside the City's jurisdiction. The water and sewer operations are supported by an enterprise fund, with revenues generated primarily from water and sewer user fees and charges, and system connection fees. The water/sewer fund has been facing an increasing funding deficit with revenues not adequate to meet all the revenue requirements, and significantly impacting the critical reinvestment in infrastructure. The funding deficit is due to a combination of factors including lower than projected operating and capital revenues due to decline in water consumption and a decrease in the number of new connections respectively.

To address the funding deficit and build financial stability of the City's water/sewer fund, the City engaged Black & Veatch to help develop a comprehensive water and sewer financial plan. In addition, the City requested the development of a water infrastructure renewal forecast to provide a sound basis for planning and implementing the rehabilitation and replacement of critical water distribution and treatment assets.

Key Tasks

To accomplish this, the following key tasks were envisioned:

Development of a 10-year forecast of the renewal and replacement needs for the key water infrastructure;

Alignment of the water capital improvement program (CIP) with the water infrastructure renewal forecast;

Development of a five-year financial plan;

Design of rate schedules and fees; and

Support City Staff in key stakeholder education efforts.

Key Objectives

The financial plan was developed based upon the following key objectives:

Finance the O&M requirements

Finance Capital Plan including Water Infrastructure R&R Forecast

Account for any general fund obligations of the water/sewer fund

Address funding deficit and plan for repayment of general fund borrowing

Consider future debt service payments in FY 2027 and FY 2028

Other objectives:

Achieve debt service coverage target of 1.20 by FY 2022

Build 60-day operating reserve by FY 2022

Assumptions

This section outlines the underlying assumptions used in developing the financial plan.

1. Revenue Projections

- a. Projected water and sewer service revenues under existing rates reflect the current rate schedule as of the beginning of FY 2017.
- b. Water and Sewer billing units for each customer class are projected as follows:
 - i. FY 2016 water and sewer accounts, units and billed volumes based on FY 2016 billing records.
 - ii. FY 2017 – FY 2022 water and sewer accounts reflect anticipated growth of 140 accounts over the next 6 years. 25 new accounts are added annually beginning in FY 17 through FY 21 with an additional 15 accounts anticipated in FY 22. All accounts are assumed to be 5/8 - 1 inch.
 - iii. FY 2017 – FY 2022 average billed volume per account is assumed to remain flat (i.e. no growth) for projection purposes.
- c. Other Revenues:
 - i. BOD and Industrial Pretreatment Charges are based upon the actual 3-year average.
 - ii. Miscellaneous Revenues are projected to remain at the FY 17 budget level.
 - iii. User Benefit Assessment Revenues – projected based upon schedule as provided by City staff.
 - iv. Revenues from Water Wholesale Agreement (i.e. County):
 - Assumes customer(s) will be in place when the agreement with the County is bought out in Q1 FY 2018.
 - Assumes the new Water Wholesale Agreement rate will be a minimum 1.92X the current purchase agreement rates. This is based upon estimated historical unit costs for total production (including City and County Volumes) costs net of Loop Meter Expenses, customer related distributed administrative expense and includes a mark-up of 10% for administration and 10% for profit.
 - Assumes 6 month lag in the implementation of new agreement (i.e. adjustment in FY 2018 is only 50% of anticipated increase in wholesale revenue).

- This equates to an approximate increase in wholesale revenues under existing rates of \$2.21M from FY 2018 to FY 2022.
- v. Debt Service Fee (DSF) – Assumes existing DSF will be discontinued on June 30, 2017 and will be replaced by an infrastructure reinvestment fee, which (at a minimum) will provide revenues similar to the current DSF.
- vi. Interest Income is based upon an assumed interest income rate of 0.5% and calculated for the operating fund balance only.

2. Revenue Requirements

- a. Baseline Water & Sewer O&M expenses
 - i. Projected O&M based upon FY 2017 Budget
 - ii. Projected FY 2017 reflects 100% of budgeted O&M expenses.
 - iii. Annual increase in O&M projection purposes as follows:
 - 1. Chemicals – 4%
 - 2. Contractual Services – 3%
 - 3. Equipment – 4%
 - 4. Gas/Oil/Fuel – 3%
 - 5. General Inflation – 3%
 - 6. Materials and Supplies – 3%
 - 7. Personnel – 2%
 - 8. Benefits – 8%
 - 9. Power – 0% in FY 18; 1% FY 19 to FY 21; 4% thereafter.
- b. Incremental Water and Sewer O&M expenses: - N/A

3. Capital Improvement Program (CIP)

- a. Two (2) CIP Scenarios were analyzed:
 - i. Baseline CIP as provided - \$14.79M from FY 17 to FY 22.
 - ii. Baseline CIP plus additional funding to meet the projected level of investment needed to meet the Renewal and Replacement Profile - \$15.8M from FY 17 to FY 22.

4. Existing Debt

- a. Reflects the following Loans and Bonds:
 - i. MDE 2000 NR – Loan #117
 - ii. Water Quality Bond [WQ06-346-13L] Wastewater Plant ENR Upgrade & Expansion – Loan #138
 - iii. 2013 Refinancing of FHA 92-4 Sewer Facilities (Loan 109) – Loan #142
 - iv. 2013 Refinancing of CDA 03A (Loan 119) – Loan # 142
 - v. 2016 DHCD 2015 WTP Rehabilitation – Loan #143

5. Proposed Debt

- a. Alternative capital program financing scenarios were analyzed assuming bond issuance(s) as needed to maintain total debt service below the City's maximum threshold and to minimize rate impacts. See "Financial Plan Scenarios" for additional discussion on Proposed Debt.
- b. General Obligation Bond Assumptions:
 - i. Term: 20 Years
 - ii. Rate: 4.0%

- iii. Issuance Expense: 1%
- iv. Timing: Assumed issuance during in August of each fiscal year.
- c. Proposed debt service based upon level principal and interest payment over the term of the bond.

6. Other Expenses

- a. Transfers/General Fund Payback:
 - i. Additional borrowing from general fund in FY 2017 of \$455K to maintain positive cashflow. Assumes payback.
 - ii. Buy-out of County Water Agreement: Assumes transfer from general fund in FY 18 with payback to general fund over 4-year period beginning in FY 19.

7. Fund Balances

- a. Starting fund balances utilized in the financial plan model are assumed to be as follows, as of 6/30/2016:
 - i. **Construction Fund Balance** = \$0
 - ii. **Operating Fund Balance** = \$0 (assuming additional general fund contribution to maintain positive fund balance – see assumption #6 regarding other expenses)

8. Revenue Adjustments and Target Financial Plan Metrics

- a. Adjust revenues annually to balance and meet financial plan targets. Provide for levelized rate increases as feasible.
- b. Rate increases are assumed to be effective as of July 1 for each fiscal year.
- c. Balance bond issuance(s) with available funding sources (including Grants, Pay-go/available cash from the Operating Fund, additional rate revenues/cash funding for CIP, etc.).
- d. **Target End of Year Operating Fund Balance** - equivalent to a minimum of 60 days of annual O&M expense by the end of FY 22 (or sooner).
- e. **Create a Rate Stabilization Fund (RSF)** – Establish a rate stabilization fund and achieve a minimum balance of \$1M to help mitigate significant volatility with respect to rate increases, beyond the five-year planning period. Note – the City's outstanding debt service payments related to the wastewater treatment plant increase by \$1M in FY 2027 and FY 2028, driving the need to establish a RSF.
- f. **Target Debt Service Coverage** – 120% for G.O. bonds.

Water and Sewer Financial Plan Scenarios

CIP Scenarios

The following table provides a high-level summary of the costs associated with the CIP program utilized in developing the financial plan:

CIP Program

Current 6-YR CIP as provided by City Staff plus additional funding to meet R&R profile reinvestment, which equates to an additional \$520K over the planning period.

CIP Program
All years presented
in FY 2017 cost levels
(not escalated)

Fiscal Year	Current CIP	Additional Water R&R	Total
2017	\$ 1.16M	\$ 0.00M	\$ 1.16M
2018	\$ 3.48M	\$ 0.06M	\$ 3.54M
2019	\$ 2.62M	\$ 0.04M	\$ 2.66M
2020	\$ 2.19M	\$ 0.06M	\$ 2.25M
2021	\$ 0.88M	\$ 0.24M	\$ 1.12M
2022	\$ 3.03M	\$ 0.12M	\$ 3.15M
Total	\$13.37M	\$ 0.52M	\$13.89M

Funding Scenarios

The following table provides a high-level summary of the funding options evaluated and the various funding sources evaluated for the CIP program listed above. Scenario A is provided for information purposes only and meant to show the financial performance under existing rates and charges. Scenario B and C consider annual revenue adjustments and alternative CIP financing approaches as described below.

	Scenario A	Scenario B	Scenario C
Revenues	No increase in Base Service Charge and Volume Rates	Adjust Base Service Charge and Volume Rates	Adjust Base Service Charge and Volume Rates
Adjustments	Wholesale Water Agreement - 1.92X current unit pricing effective by Dec. 30 th , 2018	Wholesale Water Agreement - 1.92X current unit pricing effective by Dec. 30 th , 2018	Wholesale Water Agreement - 1.92X current unit pricing effective by Dec. 30 th , 2018
	DSF continues	DSF continues	DSF continues
Bonds	Bond funding based upon recent WTP bond issue only	Bond funding based upon recent WTP bond issue only	Bond funding based upon recent WTP bond issue <u>plus</u> Additional \$2.96M in to minimize rates and stay below City's debt service threshold
Pay-go	All remaining as Pay-go	All remaining as Pay-go	Balance as Pay-go

Note: While City Staff pursue grant opportunities each fiscal year to aid in funding critical CIP, previous grant awards have not been significant (i.e. less than \$60K) and were not considered as a reliable source of revenue for Financial Planning purposes. Should significant grant funding be secured then revenue adjustments contemplated herein could further be reduced.

Water and Sewer Financial Plan Scenario Results

Combined water and sewer cash flow tables for all scenarios are provided in the Appendix. The table below provides a high-level overview and comparison of the three scenarios of the financial plan.

Financial Plan Scenario		A	B	C
Revenue Increases	FY 18	0%	16.5%	13%
	FY 19	0%	16.5%	13%
	FY 20	0%	3%	3%
	FY 21	0%	3%	3%
	FY 22	0%	3%	3%
CIP Funding Sources (6-Year Total FY 17 to FY 22)				
Sources	G.O Bonds	\$2.40M	\$2.40M	\$5.36M
	Grant Funding	\$0	\$0	\$0
	PAY-GO	\$12.34M	\$12.34M	\$9.34M
Financial Plan Metrics				
Metrics	Target Days O&M Achieved	N/A	FY 20	FY 19
Metrics (ending FY 22)	Operating Fund Balance	(\$9.42M)	\$3.08M	\$2.52M
	Debt Service Coverage	139%	316%	257%
	Rate Stabilization Fund Balance	\$0M	\$1.0M	\$1.0M

Estimated Rates

Estimated rate schedules were developed based upon Scenario C, discussed above. Rates are adjusted across the meter base charge and volume rates for water and sewer to generate sufficient revenue under Scenario C. These rates are designed based on the existing rate structure and do not account for any change in the rate structure such as the introduction of an Asset Reinvestment Charge (ARC).

Note: Scenario C assumes the DSF would continue throughout the projection period. Any changes to the existing rate structure such as recovering a portion of the revenues via an asset reinvestment charge will correspondingly decrease the amount of revenue that needs to be recovered via the adjusted base charge and volume rates for water and sewer, respectively.

Quarterly Base Service Charges

	CURRENT	PROPOSED		
Meter Size (Inches)	FY 2017	FY 2018	FY 2019	FY 2020
Quarterly Base Service Charge (\$)				
5/8	18.75	21.25	24.00	24.75
3/4	18.75	21.25	24.00	24.75
1	18.75	21.25	24.00	24.75
1 1/2	79.50	90.00	101.75	104.75
2	128.50	145.25	164.25	169.25
3	208.00	235.25	265.75	273.75
4	336.50	380.25	429.75	442.75
6	544.50	615.50	695.50	716.25
8	880.75	995.25	1,124.75	1,158.50

Volume Charges

	CURRENT	PROPOSED		
	FY 2017	FY 2018	FY 2019	FY 2020
Water Service (\$ per 1,000 gallons)				
Inside City	5.85	6.65	7.50	7.70
Outside City	11.70	13.25	14.95	15.40
Sewer Service (\$ per 1,000 gallons)				
Inside City	8.75	9.90	11.20	11.55
Outside City	17.50	19.80	22.35	23.05

Currently, the debt service fee generates roughly \$550,000 annually. To assure a more stable source of revenue to support the growing needs of R&R of the water and sewer infrastructure, we recommend replacing the existing limited purpose debt service fee with a more holistic ARC that is based on meter size. The magnitude of annual revenues to be generated by the ARC is defined taking in to consideration the often competing factors of customer affordability, revenue stability, and equity of cost recovery. The following section provides additional discussion on the ARC.

Asset Reinvestment Charge Evaluation

Per discussions with City Staff on February 22, 2017, a separate scenario was analyzed to review the potential impact of implementing an Asset Reinvestment Charge (ARC) for both the water and sewer systems. The intent of the ARC is to provide revenues dedicated to financing reinvestments in existing water and sewer assets ("the system"). Reinvestments in the system need to occur in a proactive manner in order to maintain system integrity and service reliability. These investments in the system assets are essentially fixed costs that have to be incurred regardless of the volume of water treated, stored, and distributed or

wastewater collected, treated and disposed. Therefore, the ARC is designed as a quarterly fixed charge based on meter size. The capacity ratios of the meters were used in designing the meter size based ARC.

The total number of meters for the Test Year is projected on the basis of the number of equivalent 1" meters on a capacity ratio basis to reflect the capacity of the service line size. 1" meters were utilized based upon discussion with City Staff as all new and replacement meter size are installed at a minimum of 1" to allow for increased capacity and fire flow. The service line capacity ratios are used to translate the meters to equivalent 1" meters, as shown in the figure below.

Equivalent Meters & Services Ratios

LINE SIZE	EQUIVALENT CAPACITY RATIOS
5/8"	2.5
3/4"	2.5
1"	2.5
1 1/4"	3.8
1 1/2"	5.0
2"	8.0
3"	16.0
4"	25.0
6"	50.0
8"	80.0

Currently, the revenue from the existing Debt Service Fee is primarily utilized to pay for debt related to wastewater treatment upgrades. However, the objective of the ARC is more holistic and it is intended to help fund future reinvestment into the system, not just existing debt service, as discussed in the following paragraph.

The City's current estimated annual depreciation is \$3 million. In order to replace those existing assets, an equivalent amount should be reinvested annually into the system in order to maintain the assets, system integrity and the associated service. For the purposes of this analysis, it was assumed that one-third of the annual depreciation or \$1 million should be generated via the asset reinvestment charge. This approach helps to balance revenue volatility associated with water consumption and wastewater service sales with the stability of a fixed charge. Based upon the Water Infrastructure Renewal Forecast, an average of \$500,000/year should be reinvested in the water system over a 10-year period. Note this is not based on the previously discussed 6-year CIP plan as developed by City Staff. This looks to the additional repair and replacement that should occur on a routine basis. This is primarily driven by costs related to replacement of the water distribution system. As the City has a similar level of amount wastewater infrastructure, it was assumed that a similar amount should be generated for wastewater assets. Therefore, the ARC was estimated to recover approximately \$500,000 in costs related to water system reinvestments as well as a

similar amount for the wastewater system (i.e. approximately \$1M per year). Note: The ARC would be considered a Capital Revenue; its impact is reflected in Scenario D in the Combined Water & Sewer Proforma Cashflow provided in the appendix on Line No. 5.

ARC Phase-In

With the implementation of the ARC, a typical residential customer would potentially be impacted in the short term. A strategy to mitigate this impact would be to phase-in the ARC fee over a four year period. In order to achieve this, revenues from water and sewer base fees and volume rates would need to be adjusted accordingly – resulting in increases similar to Scenario C. The ARC fee would be initially implemented at 62.5% of the charge, it would then increase 12.5% annually for the next 3 years. This was done to partially mitigate the impact of the loss of revenues due to the discontinuation of the DSF. While the fees have a different a basis, the revenues do influence the City's ability to meet all of its water and sewer commitments. The ARC revenues will be directed to reinvestment and replacement projections. The loss of the DSF will need to be made up by increase in the volume rates. The Arc Phase-in was analyzed as Scenario D. A comparison of the Scenarios C and D is presented in the following table.

Financial Plan Scenario		C	D
Revenue Increases	FY 18	13%	13%
	FY 19	13%	13%
	FY 20	3%	3%
	FY 21	3%	3%
	FY 22	3%	3%
CIP Funding Sources (6-Year Total FY 17 to FY 22)			
Sources	G.O Bonds	\$5.36M	\$5.36M
	Grant Funding	\$0	\$0
	PAY-GO	\$9.34M	\$9.34M
Financial Plan Metrics			
Metric	Target Days O&M Achieved	FY 19	FY 19
Metrics (ending FY 22)	Operating Fund Balance	\$2.52M	\$2.70M
	Debt Service Coverage	257%	260%
	Rate Stabilization Fund Balance	\$1.0M	\$1.0M

Estimated Rates with ARC

Estimated rate schedules were developed based upon Scenario D with ARC implementation, discussed above. The resulting rate schedules for the meter base charge and volume rates for water and sewer services would be the same as those previously presented under Scenario C on Page 8. The phase-in for the ARC is presented in the following table.

Asset Reinvestment Charges

Draft ARC Schedule				
Meter Size (Inches)	FY 2018	FY 2019	FY 2020	FY 2021
5/8 - 1	27.75	33.50	39.00	44.50
1 1/2	55.50	66.75	77.75	89.00
2	89.00	106.75	124.50	142.25
3	177.75	213.25	248.75	284.25
4	277.50	333.00	388.50	444.00
6	555.00	666.00	777.00	888.00
8	888.00	1,065.75	1,243.25	1,421.00

Customer Bill Impacts

The impact on customers is presented on the following pages. Estimated rate schedules were developed based upon Scenario D with ARC implementation, discussed above. For a typical residential customer (5/8-inch meter @ 15,000 gallons quarterly water use) would see a 13% increase in their total water and sewer bill.

Scenario D: Quarterly Bill Impact (FY 2018)

Line No.	Meter Size	Quarterly Usage		Water		
		Inches	Usage	Existing	Proposed	Percent
			kgal			
1	5/8	3	\$	36.30	\$ 41.20	\$ 4.90 13.50%
2	5/8	9	\$	71.40	\$ 81.10	\$ 9.70 13.59%
3	5/8	15	\$	106.50	\$ 121.00	\$ 14.50 13.62%
4	5/8	20	\$	135.75	\$ 154.25	\$ 18.50 13.63%
5	5/8	25	\$	165.00	\$ 187.50	\$ 22.50 13.64%
6	3/4	30	\$	194.25	\$ 220.75	\$ 26.50 13.64%
7	3/4	50	\$	311.25	\$ 353.75	\$ 42.50 13.65%
8	1	75	\$	457.50	\$ 520.00	\$ 62.50 13.66%
9	1	100	\$	603.75	\$ 686.25	\$ 82.50 13.66%
10	1 1/2	150	\$	957.00	\$ 1,087.50	\$ 130.50 13.64%
11	2	200	\$	1,298.50	\$ 1,475.25	\$ 176.75 13.61%
12	2	300	\$	1,883.50	\$ 2,140.25	\$ 256.75 13.63%
13	3	500	\$	3,133.00	\$ 3,560.25	\$ 427.25 13.64%
14	3	1,000	\$	6,058.00	\$ 6,885.25	\$ 827.25 13.66%
15	4	5,000	\$	29,586.50	\$ 33,630.25	\$ 4,043.75 13.67%
16	6	10,000	\$	59,044.50	\$ 67,115.50	\$ 8,071.00 13.67%
17	8	20,000	\$	117,880.75	\$ 133,995.25	\$ 16,114.50 13.67%

		Sewer		
		Existing	Proposed	Percent
			Increase	
\$	26.25	\$ 29.70	\$ 3.45	13.14%
\$	78.75	\$ 89.10	\$ 10.35	13.14%
\$	131.25	\$ 148.50	\$ 17.25	13.14%
\$	175.00	\$ 198.00	\$ 23.00	13.14%
\$	218.75	\$ 247.50	\$ 28.75	13.14%
\$	262.50	\$ 297.00	\$ 34.50	13.14%
\$	437.50	\$ 495.00	\$ 57.50	13.14%
\$	656.25	\$ 742.50	\$ 86.25	13.14%
\$	875.00	\$ 990.00	\$ 115.00	13.14%
\$	1,312.50	\$ 1,485.00	\$ 172.50	13.14%
\$	1,750.00	\$ 1,980.00	\$ 230.00	13.14%
\$	2,625.00	\$ 2,970.00	\$ 345.00	13.14%
\$	4,375.00	\$ 4,950.00	\$ 575.00	13.14%
\$	8,750.00	\$ 9,900.00	\$ 1,150.00	13.14%
\$	43,750.00	\$ 49,500.00	\$ 5,750.00	13.14%
\$	87,500.00	\$ 99,000.00	\$ 11,500.00	13.14%
\$	175,000.00	\$ 198,000.00	\$ 23,000.00	13.14%



Line No.	Meter Size	Quarterly		Existing	Proposed	Increase	Percent
		Usage	kgal				
Inches		DSF		ARC			
1	5/8	3	\$	25.00	\$ 27.75	\$ 2.75	11%
2	5/8	9	\$	25.00	\$ 27.75	\$ 2.75	11%
3	5/8	15	\$	25.00	\$ 27.75	\$ 2.75	11%
4	5/8	20	\$	25.00	\$ 27.75	\$ 2.75	11%
5	5/8	25	\$	25.00	\$ 27.75	\$ 2.75	11%
6	3/4	30	\$	25.00	\$ 27.75	\$ 2.75	11%
7	3/4	50	\$	30.00	\$ 27.75	\$ (2.25)	-8%
8	1	75	\$	30.00	\$ 27.75	\$ (2.25)	-8%
9	1	100	\$	100.00	\$ 27.75	\$ (72.25)	-72%
10	1 1/2	150	\$	100.00	\$ 55.50	\$ (44.50)	-45%
11	2	200	\$	100.00	\$ 89.00	\$ (11.00)	-11%
12	2	300	\$	100.00	\$ 89.00	\$ (11.00)	-11%
13	3	500	\$	100.00	\$ 177.75	\$ 77.75	78%
14	3	1,000	\$	250.00	\$ 177.75	\$ (72.25)	-29%
15	4	5,000	\$	250.00	\$ 277.50	\$ 27.50	11%
16	6	10,000	\$	250.00	\$ 555.00	\$ 305.00	122%
17	8	20,000	\$	250.00	\$ 888.00	\$ 638.00	255%

Total						
Existing	Proposed		Increase	Percent		
\$	87.55	\$ 98.65	\$ 11.10	12.68%		
\$	175.15	\$ 197.95	\$ 22.80	13.02%		
\$	262.75	\$ 297.25	\$ 34.50	13.13%		
\$	335.75	\$ 380.00	\$ 44.25	13.18%		
\$	408.75	\$ 462.75	\$ 54.00	13.21%		
\$	481.75	\$ 545.50	\$ 63.75	13.23%		
\$	778.75	\$ 876.50	\$ 97.75	12.55%		
\$	1,143.75	\$ 1,290.25	\$ 146.50	12.81%		
\$	1,578.75	\$ 1,704.00	\$ 125.25	7.93%		
\$	2,369.50	\$ 2,628.00	\$ 258.50	10.91%		
\$	3,148.50	\$ 3,544.25	\$ 395.75	12.57%		
\$	4,608.50	\$ 5,199.25	\$ 590.75	12.82%		
\$	7,608.00	\$ 8,688.00	\$ 1,080.00	14.20%		
\$	15,058.00	\$ 16,963.00	\$ 1,905.00	12.65%		
\$	73,586.50	\$ 83,407.75	\$ 9,821.25	13.35%		
\$	146,794.50	\$ 166,670.50	\$ 19,876.00	13.54%		
\$	293,130.75	\$ 332,883.25	\$ 39,752.50	13.56%		



Recommendation

The Black & Veatch Team recommends that the City consider the implementation of Scenario D, as this scenario helps achieve the following: (i) mitigate the level of revenue increases needed from rates and charges; (ii) provide a more stable revenue source for water and sewer infrastructure R&R; and (iii) mitigate the magnitude of bill impact through phasing in of the ARC.

By approving the proposed financial plan along with the recommended rate schedules that include a dedicated asset renewal charge, paves the way for:

- Increased financial stability and resilience;
- Elimination of reliance upon the general fund to support water/sewer enterprise fund
- Accomplish repayment of previous loans from the General Fund;
- Effective financing of the Capital Program to address critical infrastructure needs based upon anticipated system service life;
- Establishing a minimum of 60 days of O&M reserve; and
- Positions the City to adequately fund future O&M and debt service costs.

Appendix – Scenario Proforma Cashflow

Water and Sewer Financial Plan Scenario Results

Combined water and sewer cash flow tables for Scenarios A, B, C and D are presented herein.

Financial Plan Notes:

Notes:

- a. Revenues from Base Charges and Volume Charges.
- b. Revenues from Capital Recovery Charge, User Benefit Fee and Debt Service Fee.
- c. Interest on projected average operating fund balance and interest earnings rate of 1.00%.
- d. Other Revenues includes Service Charge Turn-On/Off, Industrial Surcharge, and Other Revenues.
- e. Miscellaneous Revenues includes BOD Surcharge, Connectoin Fees, and Miscellaneous charges.
- f. Not Applicable.
- g. Total Revenues (Line 10) less Total Revenue Requirements (Line 19).
- h. FY 2017 beginning balance assumed to be \$0.
- i. Not Applicable.
- j. Total Revenues (Line 10) less O&M Expense (Line 19).
- k. Interest on Construction Fund balance (Line 36).
- l. Revenue Available for Coverage (Line 25) divided by Total Debt Service (Line 14).
- m. Bond issuance costs estimated as 1% of bond issuance.
- n. Interest on projected average construction fund balance and interest earnings rate of 1.00%.
- o. Projected capital program expenses including capital program budgeted Paygo.
- p. New Sources of Funds (Line 33) plus Existing Sources of Funds (Line 37) less Capital Program expenses (Line 39).
- q. End of year balance sufficient to provide funding prior to the subsequent year proposed bond issue plus an additional 2 months of capital program expenses.

Scenario A – Financial Performance under Existing Rates and Charges

Line No.	Description	Fiscal Year					
		2017	2018	2019	2020	2021	2022
COMBINED WATER & SEWER							
Operating Fund							
Revenues:							
1	Proposed Revenue Increases		0.00%	0.00%	0.00%	0.00%	0.00%
Revenue from Rates (a)							
2	Revenue from Existing Rates	\$ 6,653,198	\$ 6,925,567	\$ 7,212,923	\$ 7,272,661	\$ 7,334,133	\$ 7,387,107
3	Revenue Increases	-	-	-	-	-	-
4	Total Revenue from Rates	\$ 6,653,198	\$ 6,925,567	\$ 7,212,923	\$ 7,272,661	\$ 7,334,133	\$ 7,387,107
5	Capital Revenue (b)	\$ 1,134,606	\$ 1,135,861	\$ 1,131,829	\$ 1,112,006	\$ 1,091,076	\$ 901,155
6	Interest Income (c)	\$ 2,773	\$ 1,463	\$ -	\$ -	\$ -	\$ -
7	Other Revenues (d)	\$ 116,600	\$ 116,600	\$ 116,600	\$ 116,600	\$ 116,600	\$ 116,600
8	Miscellaneous Revenues (e)	\$ 175,500	\$ 175,500	\$ 175,500	\$ 175,500	\$ 175,500	\$ 175,500
9	Intra-City Revenues	\$ 455,000	\$ 400,000	\$ -	\$ -	\$ -	\$ -
10	Total Revenues	\$ 8,537,677	\$ 8,754,990	\$ 8,636,852	\$ 8,676,767	\$ 8,717,309	\$ 8,580,363
Revenue Requirements:							
11	O&M Expenses	\$ 4,903,400	\$ 5,450,929	\$ 5,210,783	\$ 5,377,865	\$ 5,552,611	\$ 5,752,671
Debt Service Requirements							
12	Existing GO Bonds	2,382,321	2,426,533	2,277,037	2,275,696	2,217,427	2,038,073
13	Proposed GO Bonds	-	-	-	-	-	-
14	Total Debt Service	\$ 2,382,321	\$ 2,426,533	\$ 2,277,037	\$ 2,275,696	\$ 2,217,427	\$ 2,038,073
Transfer to Construction							
15	Cash Funded Capital (Paygo) (f)	909,000	1,739,146	2,423,065	2,414,996	1,241,114	3,613,261
16	Total Transfer to Construction	909,000	1,739,146	2,423,065	2,414,996	1,241,114	3,613,261
17	Transfer to General Fund	-	-	810,520	810,520	820,520	680,520
18	Transfer to Rate Stabilization Fund	-	-	-	-	-	-
19	Total Revenue Requirements	\$ 8,194,721	\$ 9,616,608	\$ 10,721,404	\$ 10,879,077	\$ 9,831,673	\$ 12,084,525
20	Annual Net Balance (g)	\$ 342,956	\$ (861,617)	\$ (2,084,553)	\$ (2,202,310)	\$ (1,114,364)	\$ (3,504,162)
21	Beginning Balance (h)	0	342,956	(518,661)	(2,603,213)	(4,805,523)	(5,919,887)
22	Ending Fund Balance	342,956	(518,661)	(2,603,213)	(4,805,523)	(5,919,887)	(9,424,049)
23	Target Balance (60 Days O&M)	\$ 806,038	\$ 896,043	\$ 856,567	\$ 884,033	\$ 912,758	\$ 945,645
24	Days Working Capital	26	(35)	(182)	(326)	(389)	(598)
Revenue Available for Coverage:							
25	Net Revenue from Operations (j)	\$ 3,634,277	\$ 3,304,061	\$ 3,426,069	\$ 3,298,902	\$ 3,164,697	\$ 2,827,692
26	Other Interest Income (k)	17,856	15,919	10,733	9,478	3,162	8,475
27	Revenue Available for Coverage	\$ 3,652,133	\$ 3,319,980	\$ 3,436,802	\$ 3,308,380	\$ 3,167,859	\$ 2,836,167
Debt Service Coverage							
28	Total Debt Service (l)	153%	137%	151%	145%	143%	139%
29	Minimum Required	120%	120%	120%	120%	120%	120%
Rate Stabilization Fund							
30	End of Year Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Construction Fund							
New Capital Funding Sources							
31	GO Bond Issuance	2,400,000	0	0	0	0	0
32	GO Bond Issuance Costs (m)	(24,000)	0	0	0	0	0
33	Net GO Bond Proceeds	2,376,000	0	0	0	0	0
34	Federal Grants	0	0	0	0	0	0
35	Other Sources	0	0	0	0	0	0
36	Total New Funding Sources	\$ 2,376,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Existing Source of Funds:							
37	Beginning of Year Balance	\$ 384	\$ 2,140,240	\$ 352,522	\$ 32,056	\$ 41,534	\$ 44,696
38	Transfer from Operations (Line 17)	909,000	1,739,146	2,423,065	2,414,996	1,241,114	3,613,261
39	Interest Income (n)	17,856	15,919	10,733	9,478	3,162	8,475
40	Total Existing Source of Funds	\$ 927,240	\$ 3,895,304	\$ 2,786,321	\$ 2,456,530	\$ 1,285,810	\$ 3,666,432
Application of Funds:							
41	Major Capital Improvements (o)	1,163,000	3,542,782	2,754,265	2,414,996	1,241,114	3,613,261
42	Total Use of Funds	1,163,000	3,542,782	2,754,265	2,414,996	1,241,114	3,613,261
43	End of Year Balance (p)	\$ 2,140,240	\$ 352,522	\$ 32,056	\$ 41,534	\$ 44,696	\$ 53,171
44	Required Balance (q)	1,352,727	248,400	-	-	-	-

Scenario B – Financial Performance with Revenue Adjustments – No Additional Bond Financing

Line No.	Description	Fiscal Year					
		2017	2018	2019	2020	2021	2022
COMBINED WATER & SEWER							
Operating Fund							
Revenues:							
1	Proposed Revenue Increases		16.50%	16.50%	3.00%	3.00%	3.00%
Revenue from Rates (a)							
2	Revenue from Existing Rates	\$ 6,653,198	\$ 6,925,567	\$ 7,212,923	\$ 7,272,661	\$ 7,334,133	\$ 7,387,107
3	Revenue Increases	-	1,142,719	2,576,636	2,894,096	3,226,139	3,568,537
4	Total Revenue from Rates	\$ 6,653,198	\$ 8,068,285	\$ 9,789,559	\$ 10,166,757	\$ 10,560,272	\$ 10,955,644
5	Capital Revenue (b)	\$ 1,134,606	\$ 1,135,861	\$ 1,131,829	\$ 1,112,006	\$ 1,091,076	\$ 901,155
6	Interest Income (c)	\$ 2,773	\$ 4,852	\$ 12,852	15,613	26,592	33,674
7	Other Revenues (d)	\$ 116,600	\$ 116,600	\$ 116,600	116,600	116,600	116,600
8	Miscellaneous Revenues (e)	\$ 175,500	\$ 175,500	\$ 175,500	175,500	175,500	175,500
9	Intra-City Revenues	\$ 455,000	\$ 400,000	\$ -	-	-	-
10	Total Revenues	\$ 8,537,677	\$ 9,901,098	\$ 11,226,340	\$ 11,586,476	\$ 11,970,040	\$ 12,182,574
Revenue Requirements:							
11	O&M Expenses	\$ 4,903,400	\$ 5,450,929	\$ 5,210,783	\$ 5,377,865	\$ 5,552,611	\$ 5,752,671
Debt Service Requirements							
12	Existing GO Bonds	2,382,321	2,426,533	2,277,037	2,275,696	2,217,427	2,038,073
13	Proposed GO Bonds	-	-	-	-	-	-
14	Total Debt Service	\$ 2,382,321	\$ 2,426,533	\$ 2,277,037	\$ 2,275,696	\$ 2,217,427	\$ 2,038,073
Transfer to Construction							
15	Cash Funded Capital (Paygo) (f)	909,000	1,739,146	2,423,065	2,414,996	1,241,114	3,613,261
16	Total Transfer to Construction	909,000	1,739,146	2,423,065	2,414,996	1,241,114	3,613,261
17	Transfer to General Fund	-	-	810,520	810,520	820,520	680,520
18	Transfer to Rate Stabilization Fund	-	-	330,000	330,000	340,000	-
19	Total Revenue Requirements	\$ 8,194,721	\$ 9,616,608	\$ 11,051,404	\$ 11,209,077	\$ 10,171,673	\$ 12,084,525
20	Annual Net Balance (g)	\$ 342,956	\$ 284,491	\$ 174,936	\$ 377,399	\$ 1,798,367	\$ 98,049
21	Beginning Balance (h)	0	342,956	627,447	802,383	1,179,782	2,978,149
22	Ending Fund Balance	342,956	627,447	802,383	1,179,782	2,978,149	3,076,199
23	Target Balance (60 Days O&M)	\$ 806,038	\$ 896,043	\$ 856,567	\$ 884,033	\$ 912,758	\$ 945,645
24	Days Working Capital	26	42	56	80	196	195
Revenue Available for Coverage:							
25	Net Revenue from Operations (j)	\$ 3,634,277	\$ 4,450,169	\$ 6,015,557	\$ 6,208,611	\$ 6,417,428	\$ 6,429,903
26	Other Interest Income (k)	17,856	15,919	10,733	9,478	3,162	8,475
27	Revenue Available for Coverage	\$ 3,652,133	\$ 4,466,088	\$ 6,026,290	\$ 6,218,089	\$ 6,420,590	\$ 6,438,378
Debt Service Coverage							
28	Total Debt Service (l)	153%	184%	265%	273%	290%	316%
29	Minimum Required	120%	120%	120%	120%	120%	120%
Rate Stabilization Fund							
30	End of Year Balance	\$ -	\$ -	\$ 330,000	\$ 660,000	\$ 1,000,000	\$ 1,000,000
Construction Fund							
New Capital Funding Sources							
31	GO Bond Issuance	2,400,000	0	0	0	0	0
32	GO Bond Issuance Costs (m)	(24,000)	0	0	0	0	0
33	Net GO Bond Proceeds	2,376,000	0	0	0	0	0
34	Federal Grants	0	0	0	0	0	0
35	Other Sources	0	0	0	0	0	0
36	Total New Funding Sources	\$ 2,376,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Existing Source of Funds:							
37	Beginning of Year Balance	\$ 384	\$ 2,140,240	\$ 352,522	\$ 32,056	\$ 41,534	\$ 44,696
38	Transfer from Operations (Line 17)	909,000	1,739,146	2,423,065	2,414,996	1,241,114	3,613,261
39	Interest Income (n)	17,856	15,919	10,733	9,478	3,162	8,475
40	Total Existing Source of Funds	\$ 927,240	\$ 3,895,304	\$ 2,786,321	\$ 2,456,530	\$ 1,285,810	\$ 3,666,432
Application of Funds:							
41	Major Capital Improvements (o)	1,163,000	3,542,782	2,754,265	2,414,996	1,241,114	3,613,261
42	Total Use of Funds	1,163,000	3,542,782	2,754,265	2,414,996	1,241,114	3,613,261
43	End of Year Balance (p)	\$ 2,140,240	\$ 352,522	\$ 32,056	\$ 41,534	\$ 44,696	\$ 53,171
44	Required Balance (q)	1,352,727	248,400	-	-	-	-

Scenario C – Financial Performance with Revenue Adjustments and Additional Bond Financing

Line No.	Description	Fiscal Year					
		2017	2018	2019	2020	2021	2022
COMBINED WATER & SEWER							
Operating Fund							
Revenues:							
1	Proposed Revenue Increases		13.00%	13.00%	3.00%	3.00%	3.00%
Revenue from Rates (a)							
2	Revenue from Existing Rates	\$ 6,653,198	\$ 6,925,567	\$ 7,212,923	\$ 7,272,661	\$ 7,334,133	\$ 7,387,107
3	Revenue Increases	-	900,324	1,997,258	2,292,394	2,601,147	2,920,146
4	Total Revenue from Rates	\$ 6,653,198	\$ 7,825,891	\$ 9,210,181	\$ 9,565,055	\$ 9,935,280	\$ 10,307,254
5	Capital Revenue (b)	\$ 1,134,606	\$ 1,135,861	\$ 1,131,829	\$ 1,112,006	\$ 1,091,076	\$ 901,155
6	Interest Income (c)	\$ 2,773	\$ 3,634	\$ 12,576	22,272	33,846	32,414
7	Other Revenues (d)	\$ 116,600	\$ 116,600	\$ 116,600	116,600	116,600	116,600
8	Miscellaneous Revenues (e)	\$ 175,500	\$ 175,500	\$ 175,500	175,500	175,500	175,500
9	Intra-City Revenues	\$ 455,000	\$ 400,000	\$ -	-	-	-
10	Total Revenues	\$ 8,537,677	\$ 9,657,485	\$ 10,646,686	\$ 10,991,433	\$ 11,352,302	\$ 11,532,922
Revenue Requirements:							
11	O&M Expenses	\$ 4,903,400	\$ 5,450,929	\$ 5,210,783	\$ 5,377,865	\$ 5,552,611	\$ 5,752,671
Debt Service Requirements							
12	Existing GO Bonds	2,382,321	2,426,533	2,277,037	2,275,696	2,217,427	2,038,073
13	Proposed GO Bonds	-	-	217,802	217,802	217,802	217,802
14	Total Debt Service	\$ 2,382,321	\$ 2,426,533	\$ 2,494,839	\$ 2,493,498	\$ 2,435,229	\$ 2,255,875
Transfer to Construction							
15	Cash Funded Capital (Paygo) (f)	909,000	1,739,146	1,193,485	647,475	1,241,114	3,613,261
16	Total Transfer to Construction	909,000	1,739,146	1,193,485	647,475	1,241,114	3,613,261
17	Transfer to General Fund	-	-	810,520	810,520	820,520	680,520
18	Transfer to Rate Stabilization Fund	-	-	330,000	330,000	340,000	-
19	Total Revenue Requirements	\$ 8,194,721	\$ 9,616,608	\$ 10,039,626	\$ 9,659,358	\$ 10,389,475	\$ 12,302,327
20	Annual Net Balance (g)	\$ 342,956	\$ 40,878	\$ 607,060	\$ 1,332,075	\$ 962,828	\$ (769,404)
21	Beginning Balance (h)	0	342,956	383,834	990,894	2,322,969	3,285,797
22	Ending Fund Balance	342,956	383,834	990,894	2,322,969	3,285,797	2,516,393
23	Target Balance (60 Days O&M)	\$ 806,038	\$ 896,043	\$ 856,567	\$ 884,033	\$ 912,758	\$ 945,645
24	Days Working Capital	26	26	69	158	216	160
Revenue Available for Coverage:							
25	Net Revenue from Operations (j)	\$ 3,634,277	\$ 4,206,556	\$ 5,435,903	\$ 5,613,568	\$ 5,799,691	\$ 5,780,251
26	Other Interest Income (k)	17,856	43,007	29,171	10,144	3,016	8,328
27	Revenue Available for Coverage	\$ 3,652,133	\$ 4,249,564	\$ 5,465,074	\$ 5,623,711	\$ 5,802,707	\$ 5,788,580
Debt Service Coverage							
28	Total Debt Service (l)	153%	175%	219%	226%	238%	257%
29	Minimum Required	120%	120%	120%	120%	120%	120%
Rate Stabilization Fund							
30	End of Year Balance	\$ -	\$ -	\$ 330,000	\$ 660,000	\$ 1,000,000	\$ 1,000,000
Construction Fund							
New Capital Funding Sources							
31	GO Bond Issuance	2,400,000	2,960,000	0	0	0	0
32	GO Bond Issuance Costs (m)	(24,000)	(29,600)	0	0	0	0
33	Net GO Bond Proceeds	2,376,000	2,930,400	0	0	0	0
34	Federal Grants	0	0	0	0	0	0
35	Other Sources	0	0	0	0	0	0
36	Total New Funding Sources	\$ 2,376,000	\$ 2,930,400	\$ 0	\$ 0	\$ 0	\$ 0
Existing Source of Funds:							
37	Beginning of Year Balance	\$ 384	\$ 2,140,240	\$ 3,310,011	\$ 1,778,402	\$ 21,024	\$ 24,040
38	Transfer from Operations (Line 17)	909,000	1,739,146	1,193,485	647,475	1,241,114	3,613,261
39	Interest Income (n)	17,856	43,007	29,171	10,144	3,016	8,328
40	Total Existing Source of Funds	\$ 927,240	\$ 3,922,393	\$ 4,532,667	\$ 2,436,020	\$ 1,265,154	\$ 3,645,629
Application of Funds:							
41	Major Capital Improvements (o)	1,163,000	3,542,782	2,754,265	2,414,996	1,241,114	3,613,261
42	Total Use of Funds	1,163,000	3,542,782	2,754,265	2,414,996	1,241,114	3,613,261
43	End of Year Balance (p)	\$ 2,140,240	\$ 3,310,011	\$ 1,778,402	\$ 21,024	\$ 24,040	\$ 32,368
44	Required Balance (q)	1,352,727	1,170,585	1,325,641	-	-	-

Scenario D with ARC – Financial Performance with Revenue Adjustments, Additional Bond Financing and ARC Implementation

Line No.	Description	Fiscal Year					
		2017	2018	2019	2020	2021	2022
COMBINED WATER & SEWER							
Operating Fund							
Revenues:							
1	Proposed Revenue Increases		13.00%	13.00%	3.00%	3.00%	3.00%
	Revenue from Rates (a)						\$ 3,654,056
2	Revenue from Existing Rates	\$ 6,653,198	\$ 6,925,567	\$ 7,212,923	\$ 7,272,661	\$ 7,334,133	\$ 7,387,107
3	Revenue Increases	-	900,324	1,997,258	2,292,394	2,601,147	2,920,146
4	Total Revenue from Rates	\$ 6,653,198	\$ 7,825,891	\$ 9,210,181	\$ 9,565,055	\$ 9,935,280	\$ 10,307,254
5	Capital Revenue (b)	\$ 1,134,606	\$ 1,115,659	\$ 1,143,032	\$ 1,154,895	\$ 1,165,927	\$ 976,032
6	Interest Income (c)	\$ 2,773	\$ 3,739	\$ 12,431	22,397	34,564	33,891
7	Other Revenues (d)	\$ 116,600	\$ 116,600	\$ 116,600	116,600	116,600	116,600
8	Miscellaneous Revenues (e)	\$ 175,500	\$ 175,500	\$ 175,500	175,500	175,500	175,500
9	Intra-City Revenues	\$ 455,000	\$ 400,000	\$ -	-	-	-
10	Total Revenues	\$ 8,537,677	\$ 9,637,389	\$ 10,657,744	\$ 11,034,447	\$ 11,427,872	\$ 11,609,276
Revenue Requirements:							
11	O&M Expenses	\$ 4,903,400	\$ 5,450,929	\$ 5,210,783	\$ 5,377,865	\$ 5,552,611	\$ 5,752,671
Debt Service Requirements							
12	Existing GO Bonds	2,382,321	2,426,533	2,277,037	2,275,696	2,217,427	2,038,073
13	Proposed GO Bonds	-	-	217,802	217,802	217,802	217,802
14	Total Debt Service	\$ 2,382,321	\$ 2,426,533	\$ 2,494,839	\$ 2,493,498	\$ 2,435,229	\$ 2,255,875
Transfer to Construction							
15	Cash Funded Capital (Paygo) (f)	909,000	1,739,146	1,193,485	647,475	1,241,114	3,613,261
16	Total Transfer to Construction	909,000	1,739,146	1,193,485	647,475	1,241,114	3,613,261
17	Transfer to General Fund	-	-	810,520	810,520	820,520	680,520
18	Transfer to Rate Stabilization Fund	-	-	330,000	330,000	340,000	-
19	Total Revenue Requirements	\$ 8,194,721	\$ 9,616,608	\$ 10,039,626	\$ 9,659,358	\$ 10,389,475	\$ 12,302,327
20	Annual Net Balance (g)	\$ 342,956	\$ 20,781	\$ 618,117	\$ 1,375,089	\$ 1,038,397	\$ (693,050)
21	Beginning Balance (h)	0	342,956	363,737	981,855	2,356,943	3,395,341
22	Ending Fund Balance	342,956	363,737	981,855	2,356,943	3,395,341	2,702,290
23	Target Balance (60 Days O&M)	\$ 806,038	\$ 896,043	\$ 856,567	\$ 884,033	\$ 912,758	\$ 945,645
24	Days Working Capital	26	24	69	160	223	171
Revenue Available for Coverage:							
25	Net Revenue from Operations (j)	\$ 3,634,277	\$ 4,186,460	\$ 5,446,961	\$ 5,656,582	\$ 5,875,260	\$ 5,856,605
26	Other Interest Income (k)	17,856	43,007	29,171	10,144	3,016	8,328
27	Revenue Available for Coverage	\$ 3,652,133	\$ 4,229,467	\$ 5,476,131	\$ 5,666,725	\$ 5,878,276	\$ 5,864,933
Debt Service Coverage							
28	Total Debt Service (l)	153%	174%	219%	227%	241%	260%
29	Minimum Required	120%	120%	120%	120%	120%	120%
Rate Stabilization Fund							
30	End of Year Balance	\$ -	\$ -	\$ 330,000	\$ 660,000	\$ 1,000,000	\$ 1,000,000
Construction Fund							
New Capital Funding Sources							
31	GO Bond Issuance	2,400,000	2,960,000	0	0	0	0
32	GO Bond Issuance Costs (m)	(24,000)	(29,600)	0	0	0	0
33	Net GO Bond Proceeds	2,376,000	2,930,400	0	0	0	0
34	Federal Grants	0	0	0	0	0	0
35	Other Sources	0	0	0	0	0	0
36	Total New Funding Sources	\$ 2,376,000	\$ 2,930,400	\$ 0	\$ 0	\$ 0	\$ 0
Existing Source of Funds:							
37	Beginning of Year Balance	\$ 384	\$ 2,140,240	\$ 3,310,011	\$ 1,778,402	\$ 21,024	\$ 24,040
38	Transfer from Operations (Line 17)	909,000	1,739,146	1,193,485	647,475	1,241,114	3,613,261
39	Interest Income (n)	17,856	43,007	29,171	10,144	3,016	8,328
40	Total Existing Source of Funds	\$ 927,240	\$ 3,922,393	\$ 4,532,667	\$ 2,436,020	\$ 1,265,154	\$ 3,645,629
Application of Funds:							
41	Major Capital Improvements (o)	1,163,000	3,542,782	2,754,265	2,414,996	1,241,114	3,613,261
42	Total Use of Funds	1,163,000	3,542,782	2,754,265	2,414,996	1,241,114	3,613,261
43	End of Year Balance (p)	\$ 2,140,240	\$ 3,310,011	\$ 1,778,402	\$ 21,024	\$ 24,040	\$ 32,368
44	Required Balance (q)	1,352,727	1,170,585	1,325,641	-	-	-